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The MANAGEMENT REVIEW

Volume XX JULY, 1931 Number 7

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Published Monthly by the

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20 Vesey Street **New York, N. Y.**

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THE MANAGEMENT REVIEW is published monthly by the American Management Association at 20 Vesey Street, New York, N. Y., at fifty cents per copy or five dollars per year. Vol. XX, No. 7, July, 1931. Entered as second class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

The
MANAGEMENT REVIEW

July, 1931

The Endless Spirals of Progress

By JOSEPH H. BARBER, *Assistant to President, Walworth Company*

THE wise executive knows that his success depends upon making effective in practice those fundamental policies that constitute his creed of business. These essential policies, when translated into procedures, become the means of solving the bulk of problems likely to arise; and the natural momentum of established habits will thereafter work out a continuous expression of his creed.

But beware! Let no one be caught off his guard! For we live in a world of constant change. Within a decade, we have seen automobiles multiply until they exceed the number of telephones. The infant radio industry has become a giant. In the face of such tremendous changes that affect us all, policies cannot be established once for all; somehow we must take fully into account the endless spirals of progress. These I propose to discuss from the angle of an executive interested in modern marketing problems; and, when we have a background of common understanding, I shall present my suggestion for "A Decalogue of Modern Marketing."[1]

Let us first give serious consideration to one simple fact, namely, that one-half of the population is less than twenty-six years of age. Also that four out of five are under forty years of age. With the average age of business executives between forty-five and fifty, it is essential for them to appreciate that the bulk of their market and the majority of their workers are necessarily made up of younger people. These younger people represent plastic material to be molded by the newer conditions and ideas.

[1] This paper was presented before the Industrial Marketing Executives of New York. The second section of it, called "A Decalogue of Modern Marketing," will appear in the August number of the *Management Review*.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

The ages below twenty are most important in the fixing of personal habits, such as walking, gesturing, and so forth, but the period between twenty and thirty is the critical one in the foundation of intellectual and professional habits, such as manner of dress, mode of living, character of employment, and the like. It is this rising generation coming into power, by barely perceptible grades of evolution, that nevertheless creates a constant state of flux in business and in its individual and social make-up.

Moreover, from the standpoint of the organization of society and of trade, we should take note of the fundamental trend toward increasing complexity in the processes of evolution. We know that in recent years the volume of check transactions, which indicates the frequency with which goods are swapped from person to person, has been increasing twice as fast as has the sum total of the wealth involved in those transactions. This suggests, first, a tremendous increase in the complexity of doing business, to which the rising generation becomes accustomed; and, second, a multiplication of "purchasers," each of which may have some influence upon the handling and ultimate use of a given product and each of which is therefore a candidate for solicitation by some manufacturer or some vendor.

Again, consider the implications that lie behind some of the traditions in corporate and business life. Common enough is the use of five- to ten-year depreciation rates in equipment accounts, but do we appreciate that this means a new customer within five years for replacing that equipment with new or better devices? Couple this implication with the well-known fact that a business generation is but ten years, and you have the impetus for a continuous state of change that is the normal condition of business.

Thus the stage is set for the drama of individual, social and corporate life to unfold itself in sequences, sequences that recur as never-ending spirals of progress. Evolution breeds revolution. Revolution compels readjustment. Readjustment depends on fact-finding. Fact-finding inspires research. Research employs analysts. Analysts pioneer for progress. And progress generates further evolution. Completion of the last step in the sequences brings us back again to the first stage and we begin to repeat all over again the never-ending spirals of progress.

Progress is almost always achieved by opposition to the existing order of things. Traditional methods of doing business cannot be shaken off quickly. The tendency of the average mind is to accept unreservedly those practices which have been followed over a long period of years and which in their time have proved successful. Conversely, the normal individual closes his mind to changes and is inclined to believe unworkable that which has never been accomplished theretofore. "We have always done it this way," is offered surprisingly often as a reason for continuing to do that very thing in the same old way. It is often deplored that there is but little sympathy between young men and old men in discussions about business. It cannot be

otherwise. They have lived in different business worlds, they talk different languages and judge by opposing standards.

Several years ago we listened to a most interesting speech on "Prejudice" by C. F. Kettering, Vice President in Charge of Research of the General Motors Corporation. To illustrate the unfriendliness and inadaptability of the human mind toward new things, he gave the following examples: "If I had a blackboard on the wall and asked anyone in my audience to step up to it and write quickly the scrip letter 'h' upside down, I am confident he would fumble about with the chalk and produce the result only after an intense effort. On the other hand, if I asked him to write the script letter 'y,' he would perform the operation almost automatically. And yet the script letter 'y' is 'h' upside down."

"Similarly," he continued "if all our lives we had been accustomed to wireless radio transmission whereby all may hear the same broadcast just by a turn of the dial, and a man came to us with the statement that he had developed a new method of sound transmission by which he could carry over a wire a message from one individual to another without the sounds being heard by others, we would think the discovery fully as astounding as the radio. It is the thing that we are not used to that astounds us. It is a form of mental prejudice."

In many respects, progress hinges upon an attitude of mind, which holds in abeyance the natural impulses to defend all things traditional, which understands that the seeker for truth may question any thing at least once, and which is ready to learn the facts and stand or fall by them. Past developments have arisen, and future progress will rise, out of disagreement with tradition, followed by experiment.

The factors at work in shaping business contours, and in bringing about business changes, are multiform and varied and only too frequently it is the other fellow's business that will determine the success or failure of our own.

These effects of evolution, with its moves and counter-moves, led Wesley Mitchell, the noted economist, to exclaim that the only normal condition of business is a constant state of change!

Readjustment Depends on Fact-Finding

If it be certainly true that constant change is the normal condition of life, then it is best for us to accommodate ourselves to that normal condition. The laws that can be written into the record, and the time-honored traditions that can be handed down, are a real help onward. They enable us to start ahead where others left off. They apply to a great mass of situations. But, besides these fundamental laws, we need in business some device or procedure by which a concern may accommodate itself to change.

Few of the changes introduced by evolution are wholly good—*or* wholly bad. It is only blind prejudice that would make us condemn anything, just

because it is new—just because we have no precedents by which to evaluate it as good. If we are ordinarily human, we neither slam the door in the face of a stranger nor welcome him with open arms; we are usually decently polite, maintain our poise, and make inquiries that begin an intelligent acquaintance. Prejudice only pulls down the curtains of the mind and shuts out the light. What we really need to do is to rid ourselves of prejudice, raise the curtains to let in the full light, and then cast our eyes about in frank inquiry. Somehow the human mind has a queer characteristic of being broad here and narrow there. So, too, in business.

As a consequence, a business needs to have itself looked over by a specialist frequently, if not continuously; it needs to submit to impartial examination. Business teeth may have unsuspected cavities. For instance, in one case a manager had not known that he had never sold a certain device in any factory having less than 300 H. P. connected-load-per-employee. Yet his salesmen were calling on all plants. When management establishes a competent source and better supply of knowledge, the waste in its previous judgment is apparent. Just as a skilled dentist may come across cavities which are unknown to the patient, so will the trained fact-finder, through the devices of scientific research, enable us to keep abreast of rapidly changing modern conditions.

Fact-Finding Inspires Research

Granted that the acknowledged basic requirement is intelligent factual information, it remains but to suggest that facts will not present themselves gratis. They must be sought after, and a continuing flow of such pertinent information is best guaranteed when the fact-finding process is systematized; that is, systematized as it necessarily is under the established routines of scientific research.

To many, the only image which the word "research" suggests is a laboratory, expensively equipped, and inhabited by a modern magician, whose time is spent in remote and impractical experiments. Yet this is not the complete picture. As a matter of fact, every attempt to apply available knowledge so as to obtain an improved result—every provision of information on relevant subjects—is in fact research work. If this broader view were more generally adopted, many concerns which at present regard so-called "Research" as an expensive luxury, which they cannot afford, would consistently employ it in eliminating wastes and increasing profits.

When properly established and prosecuted, research serves as a high-powered spot light piercing the frontiers of present knowledge, illuminating the blackness of the unknown and revealing new trends. It not only dissects and analyzes, but it seeks the opportunity to create. It places the burden on that part of the human anatomy best fitted to carry the burden, the brain. Research discloses laws that may be depended upon in a practical way, and it establishes yardsticks by which to discover economic waste, time losses,

useless functions, obsolete tools, and extravagant methods. By it, attention will be focussed on examples which could be corrected, and, if corrected, would evolve a system of order and cooperation. Through research, profits will be guarded; balance and stability maintained; efficiency and service improved.

Since the object of research is the ascertainment of the truth by means of the scientific method, it is necessary to understand the principles involved. These principles, of themselves, are not complex; but, in their practical application, skill and efficiency are acquired by the trained analyst. Briefly, the research analyst knows how to set about to break the problem into its elements, and to measure the separate factors for comprehensive study. A white man may look at a trail and see nothing. An Indian looks and says, "Four men—go north—last night—ride fast." A layman may look at charts and graphs and find no message there. The analyst looks and says, "Business is improving."

Many simply become confused when some new problem arises in business. They can see things—and a lot of things—but all a-jumble. They do not know how to single out the causes and motives, and lay them out side by side in neatly arranged order. Instead, it is as if they were to go to buy a peck of apples, peaches, pears, and oranges, to be equally divided. They get them delivered all mixed in one basket, which a glance shows is short measured, and yet they have no way to know in which fruit they have been short-measured.

Or to put it another way, the elements of a particular business problem seem like a ball of tangled yarn after the kitten is done playing. You have all tried it. You pull one thread and, for a while, it comes easy and straight. Then, all at once you come to a snarl, where the straight thread is all knotted up with the threads of other motives, facts and opinions; and the snarl seems to block any further untangling.

Those who can pull their threads out to the end are the analysts who can find out and know where they want to get, what they want to do, what motives should be pulled on next, what effect should follow each pull, and what sort of a tangle is likely to stop the next pull. In short, the one who can pull each thread clear, is the one who has confidence that all effects are the result of underlying causes and that the only problem is to isolate and measure the cause or causes.

No real knowledge of any kind is permanently acquired without research. We may remember a few tables of weights and measures, but we can't reproduce answers to arithmetical problems without picking the example to pieces. The child instinctively destroys its toys to see what they are made of. Intelligent beings, when grown up to manhood, never acquire real knowledge without analysis. The complexities, they know, are merely aggregations of the simple facts that they ought to comprehend. True analysis discards the

web of complication and arrives at the simple kernel caught in its center.

Scientists are not like soldiers—most of their triumphs are achieved in silence and in solitude. The men who really win the brilliant victories over brute materials and forces are men who spend their lives in laboratories—who give over tedious hours to hidden research. There is little shouting from the house-tops. But that is not surprising. Most solid developments start quietly in a small way. The problems now recognized so easily, and the ideas now talked about so glibly, clearly had to be faced, defined and appreciated far in advance by a few far-seeing leaders. And, what is more, it was they who took the first tangible steps that pointed out the direction toward permanent progress.

As a result of research and fact-finding, we have greater efficiency and more speed in production, transportation, and communication; and the consequence is more wealth, more happiness, and more leisure for us all. Surely these are evidences of those desirable gains we call progress.

Progress Generates Further Evolution

Thus does the drama of individual, social and corporate life unfold itself in never-ending spirals of progress. Progress is introduced with the first stages of evolution; and the completion of each spiral of progress brings us right back to the starting point of another spiral. One who appreciates that the only normal condition of business is a constant state of change, knows intuitively that he must depend upon research to analyze the trends that are important, to evaluate new factors that are introduced and to inject into all future planning some wise provision to allow for the unexpected.

When an administrator comes to have such a confidence in the possibilities of research, generally applied to all the problems of business, he adopts a major policy of "test before trying" all other secondary policies. Perhaps there will be many cases where the findings of research will not carry him more than one-third of the way. Even so, just because judgment is still needed to bridge the gap between the two shores, shall we fail to build as many piers as possible near the middle of the bridge? Facts, and their analysis and recombination into operating formulae, may not carry the whole load, but they may shift the weight or ease the burden enough to make for greater accomplishment elsewhere.

In this sense, then, there can be no room for guess work in modern business. Size and complexity alone are two factors insistently demanding co-ordination of activities. To guess at the location and extent of our profitable market; to take a chance on overcoming a natural sales resistance; to work blindly against a continuing price trend; to buck competition without a studied strategy; all these can only spell failure in the end. Research and study, the orderly classification of knowledge, joined to increasing skill, well may make complete control of the economic problem a possibility.

THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

A Human Standard in Investments

There is beginning to be an awareness that investment could be managed so as to throw support toward those industries whose social policies seem to offer reasonable solutions for many of the difficulties facing industrial organizations. It would be desirable to organize a body of impartial experts who could give clear, succinct reports on policies and practices of industrial organizations evaluated on a basis of their relationship to the public. In this way conscientious investors would be able to choose more readily those companies who face their social obligations squarely rather than adding extra burdens to charity. Editorial. *Christian Science Monitor,* March 25, 1931.

Development and Direction of Trade

A discussion of the development of Trade and Capital, their distribution and competitive conditions between Europe and the United States, since 1900. By Felice Guarneri, Henry Coit MacLean, Louis Roux, M. Théodule Bossuat, Dr. G. W. J. Bruins. *Proceedings of International Chamber of Commerce,* May, 1931, Vol. 2. 385 pp.

A Plan for Industry

The Russian plan for industry started from par, with enormous wants, no standard of living much above the starvation line, a single control, autocratic government, state funds, no individual wealth and a disregard for the economic relation of cost and selling price, or, apparently, human rights, except in theory. Any sound plan for American industry has considerably more complex and difficult a set of situations to consider and control. Colonel Franklin discusses the obstacles which must be overcome by cooperation if industry is to be free and advance; and the fundamentals of a plan: steady employment; a well planned program of public works development; curbing of speculation in land or securities without curbing free and fair investment; if government is not to control, then industry itself must, in trade associations, find means of control in its own interest.

This plan for industry meets with all the conditions for freedom and competition. It requires, however, the operation of two fundamental principles: That service is the basis of the progressive existence of business; that cooperation is the foundation of permanent and continuous success in the trades. By Benjamin A. Franklin. *Industry,* May 30, 1931, p. 1:3.

Business Cycles: A Record of Fifty Years in America

The duration of business cycles, their cause, and the signs that may be read when the period of contraction ends and expansion begins, are viewed in the light of our experience since 1879 and of the opinions of economists.

A few facts emerge from the record of earlier depressions which throw some light upon the present depression. (1) If the experience of earlier years is any guide to action in the present case, a change in the course of business may take place independently of any fundamental change in the downward trend of price levels. (2)

In approximately 40 per cent of the depressions through which the United States has traveled during the last fifty years, the expansion of stock market trading has lagged behind other indices in leading the way up from depression. (3) We may find that in the present case the turn will come in the United States without reference to developments in Europe, but precedent points in the opposite direction. By Charles Merz. *The New York Times,* May 31, 1931, p. XX3.

The Management Movement

In discussing current developments in the field of management or, as it is called on the continent, "rationalization" such topics are covered as: industrial budgets; statistics; market analysis; commercial research. *Reichskuratorium Für Wirtschaftlichkeit,* May, 1931, p. 77:5.

Problems of Organization Engineering

At the tenth anniversary of cooperation between leaders in industry and education at Antioch College, Henry S. Dennison stressed his belief that the strength of an organization lies entirely in the human beings that are in it. The problem of organization engineering is to manipulate these human forces, as an electrical engineer manipulates electrical forces, so that they act most effectively and with the least friction, in the desired direction.

Twenty years ago, when Mr. Dennison first became interested in this problem, the process of organization was somewhat casually carried on. People could tell *what* departments they had, but never *why*. Books written on the subject gave rise to either of two impressions: a. That the form of organization made no difference, everything depending on the quality of personnel; b. that efficiency was attained only through a particular structure of organization.

Mr. Dennison came to the conclusion that the structure was important, not in itself, but as it fitted the particular purpose of the organization; more important even than quality of the personnel, and exerting an influence on that quality. A fine structure invites the presence of fine workers, just as a clumsy one, by making them ineffective, discourages them.

In determining the structure of organization, then, account must be taken of the external environment, the kind of workers, and the quality of the task. In general, the simpler and less varied the task, the more workable is a straight line organization.

In departmentalizing, the job of the organization engineer is to divide the work most effectively. Mr. Dennison gave these principles of division:

1. The range of abilities required in workers in a department should be small. An instance of the use of this principle is the division of the manufacturing from the sales departments, which call for widely different abilities. The most effective departmentalization is made when each department requires the narrowest range of abilities from the worker. With further study, this could be carried out much more fully than it is today. We still lump together psychologically different functions: as in the sales department, where enthusiasm required for selling and the critical attitude of merchandising are combined.

2. Ready communication between departments should be considered essential. An instance of this is the subdividing of a large sales department into departments, to facilitate communication.

3. The size of a department should depend on complexity of task, i. e., number of human beings to be dealt with. In general, the more complex the job under supervision, the fewer subordinates can be handled. A general in the English army has three men directly reporting to him. A supervisor in a factory operating room might have 200.

The old problem of "centralization vs. decentralization" Mr. Dennison called a conflict of empty words. No organization ever carried out either completely. The Dennison Company has found this general rule: with a new job which necessitates de-

cisions on the spot, decentralize authority; as a job becomes standardized, bring it under the central regulation. When his company sent a salesman to Australia, many decisions had to be left in his hands; but later, with several sales territories whose borderlines were sometimes disputed, centralized regulation became necessary.

"Always," said Mr. Dennison, "remember that rigidity in an organization is a disease which may prove fatal. In relation to changing outside conditions and to internal growth, there must be continuous reorganization, like the regeneration of our own bodies in response to environmental changes." *Address at Antioch College,* June, 1931.

Can We Raise Prices?

J. M. Keynes, the well-known British economist says that we can and should. It is the commodity price level which should concern us rather than unemployment and the stock market. The cutting of wages to reduce prices would not only risk a social disorder but would also increase proportionately the burden of monetary indebtedness which is already so heavy that any material addition to it would render it intolerable. Building costs are typical of costs which have not come down to the level of some others. To reduce such costs would result in a reduction in the value of buildings already constructed and would result in the nation-wide insolvency of those institutions that had made building loans. Deflation would disarrange not only real estate but farm mortgages and national debts as well. A sound, wide-scale construction program would relieve the present situation. This might be accomplished, after confidence has been restored, partly through government action but preferably by the use of private capital. Investment would be stimulated by the reduction of interest rates on deposits, which would appear to be the most controllable element in the situation. New engineering projects might then be undertaken which would have been prohibitive before. Wage payments for construction would mean new consumptive buying without increasing the supply of commodities available for immediate consumption. The use of private capital for construction is desirable and possible through advancing bond prices. Governments, however, can take longer risks than capitalists and would be an effective medium provided sound projects could be found. *Addresses by J. M. Keynes at the New School for Social Research,* June 15 and 18, 1931.

FINANCIAL MANAGEMENT

Profits of Leading Department Stores and Systems Declined 32% in 1930

Reports of twenty-six leading department stores and department store systems in the United States show that, in spite of the depression, the dollar volume sales dropped only 6.6 per cent during 1930, but that profits declined 32 per cent. It appears that the department stores have cut their overhead and have made sharp reductions in their profit margins in order to reduce prices to a point that would maintain sales volume. The department store managements apparently appreciated early that, during the depression, sales volume could be maintained only by genuine price appeal. In part, lower prices can be attained by efficient merchandising, and in part by cutting profits. *The Annalist,* May 1, 1931, p. 811:2.

Investment Trusts

The purchase of investment trust shares should be governed by the same principles of sound investment that govern the purchase of any type of investment and unbiased advice as to the worth of any individual issue should be obtained before

purchase is made. No investment trust should be purchased unless:

1. It is sponsored by reliable and well-known interests.
2. It is reflective of true diversification.
3. It has a ready market.
4. Its management is subject to sound restrictions, provided it is a management trust.
5. Its portfolio is subject to a certain degree of change under proper conditions, provided it is a fixed trust.
6. It does not call for too high a management fee in case of a management trust, or too high a margin of payment for shares over the market value of underlying securities in case of a fixed trust.
7. It gives adequate information as to its activities to holders of its certificates. By T. F. Tilton. *Economic Trends,* April, 1931, 4 pages.

Credits and Collections—Suggestions, Procedures and Comments

This report contains a detailed description of modern credit and collection practices applicable to utility companies; certain features of the work applicable to all companies are analyzed; typical credit and collection systems are explained and illustrated by several charts and forms. *N. E. L. A. Publication No. 126,* May, 1931. 25 pages.

The Facts in Bank Management

In the last two of a series of eight articles on bank management the author explains the principles and procedures of budgeting for a bank; and discusses the sound policies, personnel, control through standards and rules that produce sounder, better and more profitable banking.

In conclusion it is stated that the use of facts in bank management will produce: 1. Policies that are inherently sound and provide a definite basis for the determination of these policies; 2. personnel that is constantly asked to meet certain definite requirements and who are constantly apprised of their success or failure in accomplishing this—which will bring about an efficient and capable organization; third, the use of facts to check progress and results as they materialize and provide very definite control—which is the third element of successful management. By John J. Driscoll, Jr. *The Burroughs Clearing House,* May, 1931, p. 24:4, June, 1931, p. 26:2.

Analyzing a Company's Financial Statements

A brief description of corporation financial statements and what they signify. Financial reports to be of full value, should be available for at least two years, preferably more, and should be strictly comparable for the periods covered. This enables stockholders to determine changes from one period to another. If figures for several years are available and are plotted on a graphic chart the resulting curves will show the relationship and trends very clearly and completely. Further than this, corporate reports should be as comprehensive as possible, without inclusion of material not pertinent to an understanding of basic facts, and should be intelligible. That is, statistics should not be presented in such a way as to be confusing and difficult to analyze. Finally, stockholders should look for frequency in their reports. Once it was the custom to report only on an annual basis. Now, most of the highly regarded companies whose stocks are widely held report on, at least, a quarterly basis. Such frequency in reporting gives stockholders more up-to-date information than is contained in annual statements. By T. F. Tilton. *Economic Trends,* May, 1931, 4 pages.

The Best Dividend Policy

An analysis of the policies and methods followed by banks, a result of a nation-wide survey proposed by *The Bankers Monthly,* will be presented in a series of twelve articles of which this is the first.

A frank admission of mistakes in the paying of dividends, made by bankers everywhere, forms the basis for this study to determine a safe policy for any board to follow. The five elements of the pro-

posed best dividend policy are: (1) Pay no more than 50 per cent of net earnings until the bank's surplus equals its capital; (2) pay no more than two-thirds the dividends earned; (3) pay no dividends for a period in which they have not been earned unless you have an undivided profits account built up for such occasions; (4) adjust dividend rates according to actual earnings; (5) educate stockholders and depositors to the fact that dividends represent earnings but earnings fluctuate as business changes. *The Bankers Monthly*, April, 1931, p. 230:2.

Methods of Overhead Distribution for Steel Foundries

By Homer J. Freese. *N. A. C. A. Bulletin*, March 1, 1931, Sec. 2, p. 1064:8.

Accounting with the Point System

"The B is a fraction of a minute of work, plus a fraction of a minute of rest, always aggregating unity, but varying in proportion to the nature of the strain."

How the B is used as a standard for the measurement of human labor in the system of wage payment of a plant manufacturing brass and bronze rods, copper tubing, and a great variety of forged and cast parts for the automobile, refrigerator and similar industries, is explained. The practical application and use which this company has made of that standard and the means which it has employed to use the B in its cost accounting system are carefully outlined. Numerous illustrative forms and charts and a suggested bibliography accompany the text. By Robert W. Peden. *N. A. C. A. Bulletin*, May 15, 1931, Section I, p. 1515:29.

Accounting for Technical Research

By George H. Klusmeyer. *N. A. C. A. Bulletin*, May 1, 1931, Section II, p. 1454.5.

Accounting for Fixed Assets

The points emphasized are: That the foundaton for accounting for fixed assets is the Chart of Accounts; that "costs" is the accepted basis of value; and that adequate control should be provided for: control of expenditure, authorization, and physical existence and location of property. With such control provided, and functioning satisfactorily, the owners or stockholders may feel assured that their investments are being safeguarded and are being adequately recouped through operating charges. By Henry Knust. *N. A. C. A. Bulletin*, May 15, 1931, Sec. II, p. 1544:6

Budgetary Control in a Small Business

The characteristics of budgetary control are: First, a complete plan of operations for the business as a whole; second, a localized check on results; third, a comprehensive control.

Organization for budgetary control; building the budget; adjustments; difficulties; advantages of this method of control are topics covered. By A. Parker. *Business Research and Management Association of Great Britain*, 1931, 5 pages.

Insurance

New York State Committee to Consider Leading Problems in Fire Deviations

A special committee has been formed in New York by the fire insurance rating agency to cooperate with the State Insurance Department in providing remedies for irregularities in the fire insurance business. Practices regarding fire insurance floaters are likely to be considered. Many believe that provisions of this coverage are not adequate to meet modern business requirements. Because of this marine departments of carriers have improperly written a considerable volume of fire insurance floaters under marine or transportation forms. Another question is the one inquiring why special company organizations created to meet competitive conditions can broaden coverage to include additional hazards without added premium costs, whereas other

non-members of such special organizations have to conform to the filed rates of the State rating organization. A third problem likely to receive attention is the need of more expeditious adjustment of rate levels to meet experience conditions. This practice if applied to the important classes is expected materially to reduce the tendency to rate cutting or excess commission. *Journal of Commerce*, June 8, 1931.

Insure Sales by Insuring the Product

Manufacturers of clay products are considering the possibilities of securing bonds from surety companies that would insure their installed products against destruction or disintegration due to action of electrolysis or rust; or chemical action of air, water, acids and alkalies found in the soil, soil waters, trade wastes and sewage. A group of large carriers have investigated and expressed their willingness to write bonds that would serve as a guarantee to buyers of clay products for an original period of 15 years with reservations for adequate renewals if the product is still in good condition. It has also been suggested that the industry form its own surety company. *Brick & Clay Record*, May 19, 1931. p. 527.

General Electric Plan for Continuance of Group Life Insurance During Lay-offs

In an endeavor to protect further the employees who have been laid off for lack of work General Electric has arranged to reinstate for four months by payments of current monthly premiums the certificates which have been cancelled because of provisions in the certificates that limit the period during which they will remain in force following temporary lay-off due to lack of work. This extension also applies to all group insurance certificates calling for such a cancellation after certain periods of temporary lay-off. The certificates will now be continued as long as the premiums are paid. *General Electric News*, June 19, 1931, p. 10.

OFFICE MANAGEMENT

Organization: *Job Analysis, Employment, Pay, Tests*

Preliminary Report of a Study of Social Intelligence and Executive Ability

This study has had a two-fold purpose: to determine the factors that enter into the making of a successful executive or leader; and the development of a more satisfactory device for measuring one of the qualifications of importance in executives, ability to get along with others. The data for the second part of the study were derived from two main sources—a questionnaire addressed to the personnel officers of the leading department stores of the United States and conferences and correspondence with recognized leaders in the field of selection of personnel. Most of the conclusions derived have importance in considering the executive or leader in any field of work rather than just department stores, because the essential traits of an executive are undoubtedly the same irrespective of the particular organization of which he is a part.

The method of procedure in the study of a test for measuring social intelligence is explained and the following traits established as essential for a good executive: 1. Mental alertness or general intelligence; 2. Social intelligence or tact; 3. Energy or drive; 4. Loyalty to the organization.

A revised social intelligence test has resulted from this study. The separate items of the revised scale were selected on the basis of two objective criteria: 1. The difficulty of the item, as determined by a tabulation of errors made by both college students and by executive groups; 2. the validity of the item, as determined by a

tabulation of the relative number of errors made by those rated high in social intelligence as compared with those rated low. The items included represent the best from the two old forms and the best from a considerable number of new items given in trial tests. By Dr. Fred A. Moss. *Public Personnel Studies,* January-February, 1931, p. 2:7.

Tired Workers Are Poor Workers

That "tired feeling" is safety's biggest enemy. The Director, Division of Industrial Health, National Safety Council, sets down the causes of industrial fatigue: 1. Wrong mental attitude; 2. The inability to adjust oneself to changing situations; 3. The worry habit; 4. The hurry habit; and suggests common-sense remedies of it: 1. Slow down and get more rests; 2. Have a definite plan for your work. Try to realize that there are only 24 hours in a day; 3. Learn to relax; 4. Develop a sense of humor. Humor is a shock absorber of the bumps of life; 5. Be sure that your body is in proper conditon; 6. Have a hobby. There is nothing so efficient as a preserver of mental equilibrium as a well-developed hobby which takes you away from routine work and takes your mind off yourself; 7. Keep in mind that anger, grouches and strains on patience cause changes in the secretions of the body, which are productive of injurious results. By C. O. Sappington. *Factory and Industrial Management,* June, 1931, p. 971:2.

Personnel Assistance and College Seniors

Summer work will help students to find themselves and it should be brought home to the student long before graduation that scholastic standing has a definite bearing on his career. Business is vitally interested in a young man's social qualities, and it is of great importance that the student learn to express himself—he must know how to convey ideas and information to others. The college personnel man will do well to enlist the aid of the faculty in developing the character of the students, thus multiplying his efforts. By C. R. Dooley. *Personnel Journal,* June, 1931, p. 31:4.

Administration: *Regulations, Supplies, Communications*

Business Weeds Out Office Wastes

In a recent survey conducted to determine what has been done to lower office expenses the largest number of votes went to cutting costs of routine expenses such as printed forms, telegraph, telephone, stationery, postage, etc.; the second largest saving was made by the use of modern equipment. Only infrequently has the application of what is generally thought of as scientific office management—the installation of methods for the control of work, the improvement of office layout and of the flow of work, the standardization of operations, job analysis, salary standardization, incentive wage plans, training programs, etc.—been found. And such an approach to lowered costs is by all means the soundest. Furthermore, a period of decreased business provides good opportunity to begin such work. Paradoxically, in some companies such programs have been stopped.

Almost all companies have reduced their forces somewhat. Several mention plans for reducing expenses this summer: closing the office on Saturday and not paying the office force for that day; lengthened vacations part with pay and part without, etc. By Norman C. Firth. *System,* June, 1931, p. 443:4.

How We Cut Mailing Costs

In any office it will be found worthwhile to assign a competent individual to rate, classify, stamp and dispatch the mail. If clerks are to perform the work, a competent individual should compile a mailing manual and enforce compliance with the instruction. Some good advice is given on wrapping for foreign printed matter, demurrage on C. O. D. mail, large first-class envelopes, sealed parcels, mail unde-

liverable because of an incomplete address, sorting and labeling permit mail, answering inquiries by mail, etc. By Don E. Rogers. *System*, June, 1931, p. 460:2.

Writing Off Writing Cost

The problem of correspondence is the problem of economical letter production. The use of standard paragraphs is one effective economy measure, when repetitive questions form the bulk of the mail. Intelligent machine applications and a production bonus also reduce costs of letter writing. A centralized stenographic bureau will often effect substantial savings. Mailing department economy is essential. Specifice application requires a specific analysis of individual problems. When daily mail is a matter of tons, engineering skill is required to expedite its flow and to coordinate various phases of the work. But even when mail is much less in volume, economies can be effected if the straight line principle and the use of modern appliances are utilized. By H. P. Preston. *Credit and Financial Management*, June, 1931, p. 22:4.

Records: *Forms, Charts, Cards, Files, Statistics*

Speeding the Earnings Statement

Stewart-Warner Corp. (radios) uses an accounting routine that enables them immediately after the end of each quarter to present to the directors the earnings statement and balance sheet for the period. Their problem is complicated by the fact that they operate eight subsidiary companies with factories at various points in the United States and Canada whose figures must be consolidated. At the main plants monthly closings—which would speed up quarterly reports—are not made.

In order to deliver these reports on time the Accounting Department employs a system of forms and routine which enables the management to study the figure facts of operations concurrently with the operations themselves and constantly lay the reports side by side with the standards of expectation. The system is explained in some detail and the various forms illustrated. By H. W. Wertens. *System*, June, 1931, p. 448:2.

Principles of Punched Card Accounting

A survey of the methods and applications of punched card accounting. The application of this equipment to a number of different industries is described. In addition substantial information concerning the mechanics of handling accounting data on punched cards is given. The appendix contains a number of illustrative forms and describes the exact methods by which these are used. By Floyd H. Rowland. *N. A. C. A. Bulletin*, May 1, 1931, Sec. I, p. 1389:64.

Benefit Systems and Incentives: *Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership*

Postal Telegraph Bonus for Employees Adopted

Announcement of the establishment of an incentive bonus plan, described as a means of rewarding 13,000 salaried employees for contributing to the growth and operating efficiency of the Postal Telegraph Co. has been made.

The inauguration of this bonus plan was announced in conjunction with the national sales meeting of Postal Telegraph executives. The plan became effective June 1 and will be extended gradually to take in the other 80,000 employees of the International Telephone and Telegraph subsidiaries.

All Postal employees, with the exception of messengers, student operators and those

employed on a piece-work basis, will receive monthly bonuses under the plan. It is estimated that 9,500 employees of the commercial department will receive an 8 per cent monthly bonus in excess of the standard set for the particular office to which they are attached. A second bonus, from 2 to 5 per cent, will be paid annually.

The plan has been adopted to stimulate incentive among the employees and give them a stake in the company revenues.—*Journal of Commerce*, May 26, 1931.

PRODUCTION MANAGEMENT

General: *Promotion, Organization, Policy, Development*

When to Replace Machine Tools

The superintendent, manufacturing equipment department, Westinghouse Electric & Manufacturing Company, gives some guides for deciding on replacements: Date machine tool is purchased; total maintenance cost; cost to overhaul machine and put it in first class shape; accuracy of product obtained from machine; savings obtained by the purchase of a new machine; floor space occupied; interference in production. This company has a five-year and three-year plan of replacing a certain number of machines. Each individual case must be carefully analyzed to be sure that all factors have been considered. By J. R. Weaver. *Mill & Factory*, June, 1931, p. 27:3.

Small Plant Successes—One Thing Well Done

In the small company, ideas do not get all bound around with red tape running the gauntlet of executives and committees. Initiative is not crushed in the ponderous processes of decision. One central fact seems to stand out in the history of every successful company, small or large: It clearly sees its field, fully capitalizes its advantage; has the courage of its convictions and the wisdom to realize its limitations.

As it recognizes the need for organized development work, research, if it is to keep up with rapidly changing fields, the small company must also realize that its strength lies in concentration. The writer tells how Delta-Star Electric Co. has grown from small beginnings to an established place in the field of high-tension electrical equipment because it has met these conditions. By H. P. Dutton. *Factory and Industrial Management*, June, 1931, p. 980:3.

Base Production on Long-Term Planning

Production planning which is not based on a thorough grasp of sales necessities and possibilities can be neither long-range, coordinated nor safe. In this article, Mr. Elder sets up the fundamentals of sales and budget planning as a basis for effective production control. By Robert F. Elder. *Factory and Industrial Management*, June, 1931, p. 983:2.

Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Immigration*

Preparing for the Next Depression

The president of the Geometric Tool Company describes how they provided for their workers during the past 18 months and says that an analysis of their records shows that one per cent of the payroll set aside during prosperous years would have been sufficient to have maintained unemployment benefits for 80 weeks. A thorough program of plant housecleaning, painting, etc., was carried out and the work apportioned so that men with dependents re-

ceived a larger share than those with none. Mr. Hook emphasizes industry's responsibilities to its stable workers, the stable force being the largest single factor contributing to the success of any industry. He also believes we are to have some kind of state unemployment insurance, inasmuch as industry has offered no alternative plan. Only some such voluntary plan, evolved and accepted by industry itself will check the oncoming march of universal state unemployment insurance. By James W. Hook. *Service Letter, N. I. C. B.,* May 30, 1931.

Returns from Five-Day Week

The president of E. R. Squibb and Sons says that although working hours have been decreased to 5 days a week, with no reduction in wages, production increased and labor costs decreased. During the past ten years the ratio of profit has shown a constantly increasing trend though hours have been reduced 18.3 per cent. The company also has a profit sharing plan with druggists under which the manufacturer and the distributor cooperate to their mutual advantage. *Information Service,* May 30, 1931.

The Reign of Error

Another plea for the revision of the Sherman Act as a cure for some of the present maladjustments of industry. By James Harvey Williams. *Atlantic Monthly,* June, 1931, p. 787:9.

Capitalism at the Crossroads

This is the first of a series of articles which will advance a definite plan for remodeling the structure of capitalism to the end that prosperity may be restored and sustained. Mr. Hamlin's idea is so to pool prosperity that labor can draw its fair share, invested capital a reasonable return, and government the minimum requirements for its operation. He would accomplish this by evolutionary, not revolutionary, means. By Scoville Hamlin. *Commerce and Finance,* June 10, 1931, p. 863:2.

Industrial Problems

Comparison of the characteristic aspects of production in Europe and the United States of America:

1. Cost of Production: a. American monograph, by a special sub-committee, E. G. Miner, Chairman; b. European monograph, by Henry Clay.

2. Mass Production: a. American monograph by a special sub-committee, William Butterworth, Chairman; b. European monograph, by Pierre Gounod.

3. Economic Aspects of the Wage Question. By Gino Olivetti. *Prooceedings of International Chamber of Commerce,* May, 1931. Vol. 3. 167 pages.

Economic Crises—Unemployment

1. Resistance of Various Economic Structures to Crises, by Ernst Wagemann; 2. Economic Aspects of Unemployment, by Hans Vogel; 3. Regularization of Employment, by a special American sub-committee. Henry Bruère, Chairman. *Proceedings of International Chamber of Commerce,* May, 1931, Vol. 6. 73 pages.

Labor Management in Depression

In the depression of 1921 many concerns ceased industrial relations activities to cut costs. In the depression which began in 1929: 1. There has been no general abandonment of industrial relations activities; some companies even expanded these activities during 1930; 2. There has been no abnormal unemployment of industrial relations directors and their associates; probably they have been at least as successful in holding their jobs as have other managerial and staff employees; 3. There is evidence that ranking executives are taking more interest and participating more actively in labor administration than ever before; 4. There has been some shifting of emphasis in industrial relations work to meet new conditions.

What are the reasons for so impressive a contrast in two similar economic periods separated by less than ten years? Mr. Cowdrick outlines the changes in labor

management during and immediately after the World War—changes in the qualifications and attitudes of industrial relations directors; in theories about personnel work and about its place in the business organization; and in the viewpoints from which the results of labor policies were measured—which, he says, bore fruit when industrial depression in 1930 compelled every function in a business organization to justify its existence. A significant point is that in the depression of 1930, more than in any similar period in American history, employers shouldered responsibility for the economic maintenance of their employees, and sought to avoid indiscriminate or ruthless dismissals.

As a result of the events of 1930 personnel men will face heavier responsibilities and more exacting requirements than in the past. To meet these responsibilities personnel management must grow more and more into the stature of a profession, with standards comparable to those of the older professions. By Edward S. Cowdrick. *Nation's Business*, June 1931, p. 32:3.

Shop Methods: *Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study*

Reducing Time Cycle in Handling Parcel Post Orders

A reduction in the time cycle of order filling, the proper meeting of the paper work and the parcel and having both reach the objective in the shortest time, as well as reducing the handling costs, were the advantages gained by the parcel post system installed in the shipping department of the Westinghouse Electric & Manufacturing Co. After four months' operation, the use of a power conveyor, coupled with sheet steel chutes, has effected a reduction, in loading time, of 45 per cent and a reduction in handling costs of 35 per cent. Moreover, it has been instrumental, with the cooperation and initiative of the operating department, in short cutting and simplifying the clerical paper work, as well as acting as a "gait maker" for this specific activity. The route of the order from its origin is explained. By W. L. Kettering. *Materials Handling and Distribution*, June, 1931, p. 29:2.

Compiling Maintenance Costs in a Box Plant

The maintenance cost system now in use in the Robert Gaylord, Inc., plant, was installed for intensive supervision. This system consists of two major parts, closely interwoven, namely, budgeted costs and actual costs. Costs are compiled daily so that an accurate record is obtained of what is actually happening. All machines of like characteristics are grouped in departments, and each individual department has its own number. This same thought is carried out with furniture and miscellaneous equipment within a department. Classifications identify the parts of the machines. Time cards on which the employee has noted the part classification and machine number, time started and time finished, are sent to the payroll department daily; the time taken for each job is figured, and multiplied by the mechanic's wage rate to determine the labor cost. After the time cards have served the purpose of the payroll department they are turned over to a cost clerk who enters on the forms the date and total cost of all maintenance labor spent on each machine, regardless of part classification, but separated as to machine. These forms are kept in a loose-leaf binder and turned over to the Engineering Department daily; it is, therefore, possible to tell on the afternoon of the day following, just how much was spent for maintenance labor on the day previous for each machine. The material used on any job is handled in much the same way.

This system provides the management with accurate, detailed information with which to work. It gives this information

to the persons who can take action, in time for such action to be taken. It provides for an absolute minimum of clerical work by the mechanics. Very little supervision is required to secure accurate records. The total time consumed in gathering this detailed information by all persons involved from mechanic to chief engineer is just about the full time of one person. This for a plant whose employees, exclusive of the office force, number approximately four hundred. By Harry L. Bode. *Industrial Transmission and Conveying,* May, 1931, p. 15:2.

1,100 Workers Pursue Accuracy

The story of a trip through the plant of the Hamilton Watch Company where time and accuracy are teamed; and the team pulls together; and every man gives all he has and gives it happily. The Hamilton Watch Company has the smallest labor turnover in the state of Pennsylvania and perhaps the smallest in the United States. The personnel attribute this to one man, the President, Charles F. Miller. The writer visited this factory expecting to be bored. He found a thrilling industrial drama. By Herbert Corey. *Nation's Business,* June, 1931, p. 35:5.

Methods Engineering Will Get the Most Out of Your Plant

Costs must be reduced to keep pace with falling prices. But to take the cut out of the pockets of stockholders, customers or employees, is borrowing trouble. The only sound approach is to find better methods of doing things. Teletype Corporation has organized to study its processes systematically for economies and improvements. Its plant shows the cumulative result of the procedure here described, which can be adapted to any plant of any size and in any line. By L. P. Sittig. *Factory and Industrial Management,* June, 1931, p. 966:4.

Production Management Applied in the Drafting Department

Permitting draftsmen to check their own drawings is a radical departure from established practice which has worked well in one plant. Two greatly differing methods of drafting room control are here described. Both are said to have given satisfactory results as to costs, volume of outturn and coordination between squads engaged on various parts of the same problem. By F. D. Newbury. *The Iron Age,* May 28, 1931, p. 1726:3.

Benefit Systems and Incentives: *Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership*

For Group Insurance, see Insurance Section.

Maintenance Costs Less with Every Job on Incentive

A detailed story of the installation in the Hood Rubber Co., Inc., of incentives for maintenance crews. It was the desire of the management to cover with direct standards as large a part of the construction and maintenance work as seemed practical, and where direct incentives were not practical, to use some form of indirect incentive.

The final formula for computing the area incentives is based on the product of a few simple ratios and of a rate of working obtained by actual time study of the area mechanics. This formula is:

$$\frac{\text{Standard Hours of Maintenance Work}}{\text{Actual Hours of Maintenance Work}} \times \frac{\text{Value Machinery Operating}}{\text{Value Machinery in Area}} \times \frac{\text{Actual Production}}{\text{Standard Production}} \times \frac{\text{Observed Effective Effort}}{\text{Standard Effective Effort}} = \text{Weekly Rating of Area Mechanics.}$$

Work on incentives for maintenance crews was begun in 1923. Since the first

year, the application has paid its way. Usually after the first year, the savings were $2 to $5 for every dollar of standards expense. These savings are not due in any way to a reduction in the basic wage of the mechanics.

A summary for a recent week showed, compared with the original basis, for the work directly measured, an increase of 15 per cent in the average earnings of the mechanics and a saving of 27.5 per cent in the cost of maintenance labor; for the work measured indirectly the figures are 5 per cent increased earnings and about the same relative savings; for the whole group 12 per cent more to the men and savings of about 27 per cent. By Charles P. Flora and Albert G. Suttill. *Factory and Industrial Management*, June, 1931, p. 974:3.

Training and Education: *Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards*

Training Foremen to Deal with Human Problems in Industry

Some of the human problems which affect industrial production and industrial management are presented, the causes of these difficulties outlined and procedures described to solve them. The State Supervisor of Trade and Industrial Education, New Jersey, describes one course in which foremen are trained properly to instruct workers and another course in which the foremen develop an understanding of the causes of human behavior. Results obtained from several experiences in training foremen in these two fields are outlined. By John A. McCarthy. *A. S. M. E. Transactions.*

Apprentice Training Movement in Wisconsin Industry

The apprenticeship movement in Wisconsin has been made a concerted organized effort. In developing the work important considerations and tendencies have been taken into account, such as the shortage of skilled mechanics in American industries at the present time in spite of considerable unemployment, the requirements of production as well as of jobbing industries for trained men, and the importance of the human factor in all industry. Employers and employees have cooperated in the promotion and support of an apprenticeship law in the state which stabilizes and dignifies apprenticeship by preventing exploitation of boys and by setting standards of workmanship in the trades. As a result of public favor and the enthusiasm of influential individuals, apprentice training has developed rapidly in the state. There are 3,350 apprentices employed and 2,567 have been graduated in the last 15 years. At the present rate of graduation, this number will be increased very much in the next 15 years.

However, neither the Industrial Commission nor the industrial leaders are satisfied with the progress which has been made. The number of apprentices in the state is inadequate compared with actual requirements for skilled men in the trade. Nevertheless, an excellent foundation has been laid upon which greatly increased activity may be built in future years. By Harold S. Falk. *Transactions of the A. S. M. E.* (*Management*), January-April, 1931, p. 37:4.

Apprentice Training in Virginia

Virginia, as well as the rest of the South, is becoming industrially minded. This stresses the need for education for the industries and the arts. The transportation companies, iron works and shipbuilding concerns require skilled mechanics, trained through apprenticeship. The primary principles in apprentice training are: 1. Careful selection of candidates; 2. importance of the supervisor; 3. the sympathy and aid of the management. The advantages of apprentice training include recruiting skilled mechanics, with a spirit

of loyalty and service, some of whom will develop to foremen and higher officials. To promote this, training schools, on company's time, are advisable. The apprentice group should be self-governing. The conclusions are that the wages should be liberal, with opportunity for increased earnings through premium or bonus work. The prospects for apprentice-trained men were never so bright as now. Virginia manufacturers are taking increased interest, and they recognize the necessity and value of apprentice training. The business of building involves both material and personnel—the building of men as well as of machines and ships. By C. F. Bailey. *Transactions of A. S. M. E.* (*Management*), January-April, 1931, p. 25:8.

Labor Relations: *Collective Bargaining, Employee Representation, Arbitration*

A Generation of Progress in Human Engineering

In this paper the Director of Engineering, Eli Lilly & Co., has considered two manufacturing plants of about the same size, and in the same state, and contrasted conditions under which labor worked in these factories 30 years ago and conditions as they are today. The subjects covered deal with nearly every phase of factory employment. Some interesting conclusions are drawn. By William A. Hanley. *Transactions of the A. S. M. E.* (*Management*), January-April, 1931, p. 45:3.

Research and Experiment

Business Needs a New Broom

The vice-president in charge of research of General Motors says that research is the organized function of finding out how to make changes. Such a department is an important new factor that is now being rapidly introduced into business everywhere, as nothing is so constant as change. Research need not be complicated. It may be only the sifting of printed information for something applicable, or it may be travelling to observe practices in other industries. Human resistance to change is the chief obstacle of research. Imagination as well as investigators must be put to work. The chief concern of research has been in improving products. Attention must now be given to new fields for employment. By Charles F. Kettering. *The Rotarian*, May, 1931, p. 6:4.

Use of By-Products Urged on Industry

With prices where they are today every instrument must be employed to reduce costs. Examples are given of by-products revealed through research which have been extremely profitable. Maurice Holland, director of the division of engineering and industrial research of the National Research Council also says that pegging of prices through artificial restriction of production is doomed to failure. Research either creates something new or enhances value, as in the pine tree worth $10 a ton standing, $15 a ton felled and stripped, $55 a ton as pulp and $5,500 a ton as artificial silk. *New York Times*, June 7, 1931, p. 18N.

Research is a Major Function at Armco

Competition in improved products and processes for their manufacture can only be met by means of organized research, is the philosophy of the American Rolling Mill Company. The importance accorded research at Armco is indicated by the fact that it is one of four major groups reporting directly to the management. The others are finance and accounting, sales and publicity, and production. The coordinated efforts of the laboratory, production personnel and a consulting staff are concen-

trated on every worthy project. The director also has the benefit of a staff of consultants comprised of outside authorities.

A field in which an extensive research program has been carried on is electrical sheet steel. In this field Armco's research laboratories are constantly furnishing information on chemistry, metallurgy, rolling of the metal as against forging, and flow of metal under various rolling conditions. By Burnham Finney. *The Iron Age,* May 28, 1931, p. 1736:5.

Engineering and Research

Product design, the function of the engineerng department, may be divided roughly into three phases: 1. research into fundamental principles, out of which grow new products and basic improvements in present products; 2. the practical development work which works these ideas into usable form and adapts them to customers' needs and manufacturing requirements; these two activities are usually separated from routine production, turning over completed specifications from time to time; 3. routine modifications of design types to meet customers' individual needs —logically tied in with current production. By Hugo Diemer. *Factory and Industrial Management,* June, 1931, p. 991:3.

Huge Losses to Industry from Obsolete Methods and Equipment

A large part of the $3,000,000,000 materials handling bill of industry is due to the failure to replace obsolete equipment with up-to-date equipment, and obsolete methods and organizations with modern methods and up-to-date organizations. Obsolescence in any form can be avoided only by determination of the one best way, whether that concerns a machine of particular design, a detail of a machine, a method, or whether it concerns management policies. Obviously the one best way cannot be determined without complete facts of what is going on in the world. While 100 per cent results are hardly practical, that should be the goal, and effort should be directed toward that end. Much can be accomplished by availing oneself of the fact-getting facilities that exist and that can be utilized at small expense. There should be a constant aggressive effort to find new ways to do the work. By H. E. Stocker. *Materials Handling and Distribution,* June, 1931, p. 27:2.

Package Design is Getting Away from Fundamentals

One of the most obvious and most economical changes for the manufacturer of packaged goods is the design of a new package. The good package should seek to express the product through color, design and even shape. Package design needs more research, and a better understanding on the part of the manufacturer and designer. A new design need not be a gamble if the basic principles of design and market research are followed. By C. B. Larrabee. *Printers' Ink,* June 11, 1931, p. 17:4.

MARKETING MANAGEMENT

Solving the Problem of Delivery Personnel

The day a driver goes out on his first delivery for the Meyer-Powers Ice Cream Company, he owns the truck chassis, one that he has personally selected and for which he has paid. The company provides the refrigerating equipment that comprises the truck body. If the driver does not have the necessary money to buy the truck outright the company endorses his note at a selected bank. Thereafter he meets the payments on the note at the bank and finances subsequent trucks himself. His weekly salary is in the form of a drawing account, the amount of which is fixed by mutual consent, and is withdrawn from a weekly commission deposited

to his account in a bank by the company. A surplus sufficient to cover all up-keep charges against the truck, including replacements, is provided for.

This system has been found to be the finest kind of practical training. The results of the policy are outlined: 1. An assumption of responsibility by drivers that is most difficult to achieve in any other manner; 2. the absolute vanishing of all the usual worries, such as loss of time while drivers loiter at hot-dog stands, soft-drink parlors, and other usual places; 3. trucks are operated profitably and carefully.

Each driver is his company's financial man, since he effects all collections. Each is in effect a management official in the making, literally a partner in looking after his company's interest. Each draws a big commission. By M. J. Phillips. *System*, July, 1931, p. 35:1.

Goodall Revolutionizes Its Selling Policy

The Goodall Worsted Company has organized a firm to manufacture their palm beach cloth into men's suits, which will then be sold direct to the retail trade. Through this plan they hope to create newer and wider markets, gain a better control over the form of their product as it reaches the consumer and stabilize their production and employment. *New England News Letter*, No. 96. May, 1931, p. 3.

Buying, Receiving, Storing, Shipping

Advantages Shippers Find in Use of Container Cars

Some facts about the new store-door delivery on the Chicago North Western Railroad which is providing some rather unusual services. By Frank E. Gooding. *Materials Handling and Distribution*, June, 1931, p. 33:3.

Store-Door Plan Boosts Interest in New Station

Recent discussion of the possibility of early adoption of store door delivery of carload freight by the railroads, has stimulated interest in the new union inland freight terminal now being built by the Port Authority on the block bounded by West Fifteenth and Sixteenth Streets and Eighth and Ninth Avenues, New York.

The service that will be furnished to tenants in the new structure will be applicable to less than carload freight; as the basement and street floor of the structure will be used by the trunk line carriers only for LCL nonperishable freight.

The tenants in the building will receive and dispatch their less than carload freight via the building elevators to the freight platforms. Shippers and consignees not tenants of the building would receive and dispatch their LCL by trucks to the same platforms. The rail service to both patrons would be exactly the same.

By the installation provided in the building the truck and lading would be taken directly to an unloading berth on the tenant's floor where the commodity with one handling would be removed from truck floor to the tenant's floor under his jurisdiction and inspection. Under extreme conditions it would be possible to load and unload twenty trucks on each of twelve floors at any one time and not interfere with the usual receipt and dispatch of LCL merchandise from and to the same floors. *Journal of Commerce*, June 10, 1931.

The Safety Factor in Loading and Bracing Freight

Principles for reducing loss and damage to shipments are given and charts show uniform force required to stop a free weight, force at varying impact velocities, strength of wood under compression and the varying degrees of effectiveness of angular anchors and braces. By R. H. Ewry. *Materials Handling and Distribution*, June, 1931, p. 31:3.

What About Loading?

Some worthwhile advice on the subject and a series of illustrations of what good packing plus good loading will do. By A. L. Green. *Packing and Shipping,* June, 1931, p. 8:4.

Transportation, Production and Marketing

A series of 46 articles on the relations between Transportation, Production and Marketing considers the subject under the following phases: 1. The effects which improvements in transportation and rate policies of carriers have tended to exert upon the production and marketing of commodities as exemplified in 19th century developments, in more recent changes in transportation, production and marketing, in transportation charges and market areas, in controversies over the relationship of transportation rates and the cost of marketing; 2. The relations between traffic and transportation functions of industrial concerns, and other functions performed by them; 3. Industrial traffic and transportation policies; 4. the organization of industrial traffic and transportation activities—some general principles of business organization and the application of the principles to the organization of industrial traffic and transportation activities. By Lewis C. Sorrell. Reprinted from *The Traffic World.* 106 pages.

Salesmen: *Selection, Training, Compensation*

To Develop Personnel

In the realization that the personnel problem is one of the major questions facing chain-store merchandising today, considerable significance was held to attach to a new departure in vocational education on the part of the Kroger Grocery and Baking Company in cooperation with the Willard Wright High School of Detroit. The school provides the course and the company the "laboratory," the aim being to turn out a skilled grocery merchant at the end of three years. The course consists of alternating two-week periods in school and two weeks "on the job" in the store. Regular wages are paid during the latter period. Commenting on the plan, Albert H. Morrill, president of the company, expressed the view that a group of potential executives for his concern would be developed through the course, while at the same time it would be a distinct civic contribution to the community. *The New York Times,* May 3, 1931, page 8N.

Letters that Helped Engineers to Become Salesmen

The last of seven letters written by the Neilan Co., Ltd., to train young engineers to sell gives these rules for eliminating waste remarks: Analyze your prospect's needs before you begin your sales talk; don't do all the talking yourself; never interfere when the prospect makes an objection; when he makes an objection always restate it so that you both clearly understand it; inquire his reason for the objection; never argue with a prospect; plan your sales talk so it leads to a climax and action. *Printers' Ink,* June 11, 1931, p. 61:2.

Sales Promotion: *Letters, House Organs, Advertising*

Nine Sales Contest Features that Help Boom Rex Cole Sales

The following nine points in sales contests have helped distribution of General Electric refrigerators: divisional spirit, handicapping, spreading the news of the contest, hall of fame, challenge trophies, accurate scoring, sustaining of pace, prizes on a competitive basis and dignifying the contest. All the credit cannot be given to the contests, as other factors have played their part, such as: advertising, good

general direction of the sales force, longer payment terms, and aggressive promotion. By E. H. Campbell. *Printers' Ink*, May 28, 1931, p. 82:3.

Making the Sales Promotion Dollar Go Farther

The analysis of salesmen's reports of "present reason for not buying" stimulated this carefully planned sales promotion plan which includes a simpler way for salesmen to report, answers to the most common reasons for not buying and making the advertising copy tie up more closely with actual sales problems. By Roy Dickinson. *Printers' Ink*, June 18, 1931, p. 103:2.

Talkies Kindle Dealer Interest for Perfect Circle Company

The first commercial talking picture developed in this division of the automotive replacement parts industry has stimulated a great deal of interest among wholesale distributors, jobbers and dealers. Meetings are held in the distributor's store, a hotel room or public hall, wherever there is space and ordinary house-lighting current. They are always held in the evening, as dealers and repairmen could not leave their business during the day. There has been a very gratifying reaction to this picture. By George W. Stout. *Sales Management*, June 6, 1931, p. 388:3.

Retailing

The Manager's Job—a Dozen in One

He must be twelve distinct personalities, or combine the functions of twelve offices: merchandise manager, building manager, personnel director, factory manager, window display manager, advertising manager, educational director, buyer, controller, head porter, salesman and sales manager. And do each successfully and effectively. By Paul Staniford. *Chain Store Age*, June, 1931, p. 35:2.

Distribution Practices Ever Changing

Changing living conditions force changes in marketing. The main developments in distribution since the great war are traced and opinions of various authorities in retailing are given. Mr. E. A. Filene says: "In twenty-five years all the necessities of life will be standardized, at least as much as breadmaking and selling are standardized now. As a result there will be no bargain advertising such as is common today. We shall understand why when we think how foolish it would be for Chevrolet and Ford to advertise that their cars will be $100 less for 'three days only.' Standardized necessities will be bought with less of a man's earnings, and, therefore, will give him a larger amount of his time and earnings for an avocation. There will probably be more advertising in twenty-five years than now, but it will be directed largely to helping the buying public to inform itself of the good qualities and uses of what we are offering rather than a concentration on price advertising, a great part of which announces temporary reductions from the advertiser's regular prices or is aimed at the buyer's psychological weaknesses." By James Fisher. *Marketing*, June 6, 1931, p. 325:3.

Books Received

Human Relations in Industry. A Summary of the Twelfth Annual Industrial Conference, Silver Bay on Lake George, New York. August 28-September 1, 1929. Under the Auspices of the Industrial Department of the Young Men's Christian Associations. 78 pages.

Principles of Agricultural Credit. By Virgil P. Lee. McGraw-Hill Book Co., New York, 1930. 405 pages. $4.00.

Why You Win or Lose. (The Psychology of Speculation.) By Fred C. Kelly. Houghton Mifflin Company, Boston, 1930. 177 pages. $2.00.

Retail and Wholesale Trade of Eleven Cities—comparative tables. Issued by Committee on Collection of Business Figures. Domestic Distribution Dept., Chamber of Commerce of U. S., Washington, D. C., May, 1928. 202 pages.

City Noise. Edited by Edward F. Brown, E. B. Dennis, Jr., Jean Henry, G. Edward Pendray. Noise Abatement Commission, Department of Health, New York, 1930. 308 pages.

Vocational Guidance in Rehabilitation Service. A Manual of Procedure for Counseling and Advising Physically Handicapped Persons and Assisting Them in Adjusting or Readjusting Themselves to Vocational Life. U. S. Government Printing Office, Washington, D. C., June, 1930. 56 pages. 15 cents.

Cases on the Federal Anti-Trust Laws of the United States. Edited and annotated by James Angell McLaughlin. The Ad Press, Ltd., New York, 1930. 684 pages.

Opportunities for Vocational Training in New York City. Compiled and published by the Vocational Service for Juniors, New York, September, 1930. 96 pages. 50 cents.

Personnel Research Agencies. A Bulletin prepared by Estelle M. Stewart. U. S. Government Printing Office, Washington, D. C., 1930. 197 pages. 35 cents.

Economics of Modern Industry. (An Introduction for Business Students.) By Percy Ford. Longmans, Green and Co., New York, 1930. 248 pages. $1.50.

World Conference on Adult Education, Cambridge, 1929. World Association for Adult Education, London, England, 1930. 556 pages.

Trends in the Foreign Trade of the United States. National Industrial Conference Board, Inc., New York, 1930. 329 pages. $3.50.

National Association of Cost Accountants Year Book 1930. (Proceedings of the Eleventh International Cost Conference, Syracuse, N. Y., June 16, 17, 18, 19, 1930.) National Association of Cost Accountants, New York, 1930. 278 pages.

Civics and Industry. By DeWitt S. Morgan and Oka S. Flick. McGraw-Hill Book Co., New York, 1930. 288 pages. $2.00.

Economic Geography. By R. H. Whitbeck and V. C. Finch. McGraw-Hill Book Co., New York, 1930. 565 pages. $3.50.

Problems in Public Utility Management. By Philip Cabot and Deane W. Malott. McGraw-Hill Book Co., New York, 1930 (sec. revised edition). 632 pages. $6.00.

Problems in Finance. By Cecil Eaton Fraser. McGraw-Hill Book Co., New York, 1930 (sec. edition). 801 pages. $5.00.

Testing Before Investing. By Edmond E. Lincoln. McGraw-Hill Book Co., New York, 1930 (sec. edition revised and enlarged). 122 pages. $2.00.

Patents, Trade Marks and Copyrights. By Oscar A. Geier. Richards & Geier, New York, 1930 (fifth edition). 116 pages.

Selected Book List for the Office Library of an Industrial Relations Executive. Prepared by Industrial Relations Section, Department of Economic and Social Institutions, Princeton University, Princeton, N. J., 1930. 24 pages. 50 cents.

Industrial Accidents to Men and Women. By Emily C. Brown. U. S. Department of Labor, Government Printing Office, Washington, D. C., 1930. 48 pages. 15 cents.

Short Time Bond Values Tables. Financial Publishing Co., Boston, 1928. 821 pages.

Tomorrow's Advertisers. By George Harrison Phelps. Harper & Bros., New York, 1929. 256 pages. $3.50.

Retail Credit and Collections. (A Manual for Hardware Merchants.) By R. B. Alspaugh. Department of Commerce Extension, Ohio State University, Columbus, 1930. 42 pages. 50 cents.

Who's Who in American Education—1929-1930. Vol. II. Edited by Robert C. Cook. The Robert C. Cook Co., New York, 1928, 1929, 1930. 721 pages.

Proceedings of the International Congress on Accounting Held September, 1929. Knickerbocker Press, New Rochelle, N. Y., 1930. 1376 pages.

Encyclopaedia of the Social Sciences. Editor-in-Chief: Edwin R. A. Seligman. Associate Editor: Alvin Johnson. Macmillan Company, New York, 1930. 696 pages. Vol. II. $7.50.

Commercial Art. By C. E. Wallace. McGraw-Hill Book Co., New York, 1930. 228 pages. $3.00.

Fur. By Max Bachrach. Prentice-Hall, Inc., New York, 1930. 677 pages.

Mortality in Retail Trade. By Edmund D. McGarry. Bureau of Business and Social Research, University of Buffalo, Buffalo, 1930. 198 pages. $3.00.

Survey of Books for Executives

Business Administration. By Willis Wissler. McGraw-Hill Book Co., New York, 1931. 897 pages. $5.00.

It is difficult to review any 900-page book, and especially so if the book covers a whole field such as Business Administration. At the start we concede our incompetence to judge all of the chapters but on the same grounds we question the competency of any one man to write such diverse chapters. Doubtless a man in higher administration has need of a little knowledge from each of many fields but the broader his need the more important it is that each small portion of knowledge be select and reliable. Personally we believe that such selections must be collected from many specialists, either at first hand or the equivalent. Over such a range we cannot conceive of a high executive being content with the private opinions of any single man, no matter how exceptionally able he may be. Students in college might be dazzled by so much from one professor but even in that case we consider it better leadership to send them back to special authorities.

The foregoing is a statement of previous belief and therefore prejudicial. Let us now examine certain chapters which are within our own immediate field.

Chapter XIV, Labor Management: Budgeting, Utilization and Control. Here we are startled to find the Taylor elementary operation, the Gilbreth therblig, the Segur fundamental motion time, lumped together with the Bedaux "B" and the Haynes "Manit" as examples of one thing, "a quantification of jobs" or "a universal unit of labor power." We need not take space to correct this but we venture to say that most high executives will not be broadened by this kind of confusion. The author rushes on to say that time-and-motion study, that is, job standardization, may be regarded as an extension of job analysis, "a more precise refinement into terms translatable into wage rates." In the first place job analysis properly done follows job standardization, since the purpose of the former is to classify established jobs. In the second place the prime purpose of job standardization is to improve the job. The difference is real despite the similarity in terms. In the third place rate setting is a line function, oftentimes quite independent of these staff functions. Next we find "the very hostility invariably shown by workers towards time-and-motion study, should be sufficient proof of an essential injustice in the usual procedure." Can the author expect executives to take this seriously or should students be given so erroneous an impression?

On wage plans the text is even more curious. It misses the very essence of purpose. "They are for the most part empirical formulae with but one objective, to get the maximum return for labor costs." Since all extra financial incentives involve more labor cost through the response zone than do time wages, and most of them more than do piece wages, this is news! In the classification of wage plans there is

another bit of news, a Gilbreth wage plan! We had missed that altogether and would like to know where we could learn about it. Winding up this subject hurriedly the author speaks of "the more mysterious point plans, the Bedaux," etc. "Gilbreth attempted something of like manner in his 17 therbligs," etc. My, what a help to the executive!

In Chapter XII, Industrial Relations, the author has also discussed high wages, this time both on the productivity and on the purchasing power factors, but he ignores the total cost per unit factor entirely. We believe that this latter factor is the one of most vital importance and regret so serious an omission. Perhaps the author disdains the practical aspect in his anxiety to stress the human side. This tendency is evident throughout the book. At least he belittles the measures which have successfully kept overhead per unit at a minimum. "The origin of numerous wage plans has been seen to have been very largely opportunistic and non-scientific. In the main, the variations from the straight daywork and the straight piecework system have been designed to get for the employer something more than a *quid pro quo*. This is confirmed by the mathematics of wage curves, which in all the schemes most popular with employers, fell something short of the 45-degree angle of piecework." We challenge the truthfulness of this whole claim. Aside from time payment there are only three out of the twenty-five best-known wage plans which fall below basic piece rate above high task, that is, through the usual response zone, and one of these three has long ceased to be in use.[1] This and similar aspersions against scientific management force us to question whether or not the author has ever been close to any practical industrial management.

This by no means exhausts the opportunity for criticism but it is sufficient to indict the book as excessively inaccurate. Aside from this serious fault, we may say that Professor Wissler has succeeded in picturing certain trends in industry. The shift of emphasis from worker to machine, the growing social responsibility of the employer and of the employee for that matter, the increasing need of coöperation, are all skillfully depicted. We wish that these semi-economic and semi-human developments might have been freed from the technique. The author is competent and eloquent on the one, and hopelessly out of his element on the other. No doubt some of the chapters are entirely within the author's own pasture in which case they may be excellent, but unless the reader is good at discrimination he might better consult the original writers or an encyclopedia built by specialists.

CHARLES W. LYTLE,
Director of Industrial Cooperation,
New York University.

[1] See Wage Incentive Methods, by C. W. Lytle, Ronald Press, 1929.

The Challenge of Chain Store Distribution. By M. M. Zimmerman. Harper & Bros., New York, 1931. 334 pages. $5.00.

The results of an investigation of the problems confronting the manufacturer, jobber and independent merchant in chain store merchandising, and a summary of the chains' past, present and future have been gathered in this book. The study appeared serially in *Printers' Ink* and is notably comprehensive.

The Federal Reserve System and the Control of Credit. By Walter Earl Spahr. Macmillan, New York, 1931. 138 pages. $1.75.

Originally submitted as an essay in the Eighth Alvan T. Simonds Economic Contest and winning therein the first prize of one thousand dollars, in substance this book is the essay with minor changes and additions to bring it up to date. It is primarily a discussion of the connection between the Federal Reserve System and the control of credit so phrased in terms of fundamentals as to make intelligible to business men the elementary features of a significant topic. The contrariety of opinion which has surrounded credit control

and price stabilization has needed clarification and this book of Professor Spahr's does it.

After devoting a chapter to the basic factors in credit control, Dr. Spahr presents a rudimentary explanation of the mechanism of credit control in United States, England, France and Germany. Then follows a detailed survey of the Federal Reserve policy and the credit structure in United States. A brief appraisal of proposed changes in the system of credit control in United States and a summary conclude the book.

If cyclical fluctuations in business are to be minimized, then both the knowledge of business men of the banking forces motivating the credit mechanism and the banker's knowledge of the kinetic forces driving the industrial machine will have to be broadened. This book is calculated to expand the elementary knowledge of our banking and credit system by business men. The book has an adequate index.

FRANK PARKER, *Professor of Finance, Wharton School of Finance & Commerce, University of Pennsylvania.*

The Nemesis of American Business. By Stuart Chase. Macmillan, New York, 1931. 191 pages. $2.00.

The chapters in this book have appeared separately in various periodicals and are: The Nemesis of American Business; The Luxury of Integrity; Megalopolis; The Abuse of Capital; Prometheus Enchained; Seven Salesmen and Six Hundred Engineers; Fired at Forty; The Mad Hatter's Dirty Teacup; The End of an Epoch; A Private Utopia.

Preventive Management: Mental Hygiene in Industry. Edited by Henry B. Elkind. B. C. Forbes Publishing Co., New York, 1931. 234 pages. $3.00

Eight lectures by various authorities in their fields have been adapted to make up this book which is intended to stimulate interest and research in mental hygiene. The subjects treated are: Preventive Management: The Next Step in Industrial Relations, by Meyer Bloomfield; Human Nature and Management, by Ordway Tead; Psychiatry in Industry, by V. V. Anderson; Practical Applications of Mental Hygiene in Industry, by Henry B. Elkind; Mental Pitfalls of Leadership, by Harlow S. Person; The Industrial Aspects of Morbid Emotion and Fatigue, by Karl M. Bowman; Fear and Nervous Energy, by Abraham Myerson; The Minor Executive and Mental Hygiene, by Elliott Dunlap Smith.

Numerous references to industrial practice make this material very readable and any executive could profitably spend the time to go through it. A bibliography of supplementary readings is also included.

Successful Speculation in Common Stocks. By William Law. McGraw-Hill Book Co., New York, 1930. 420 pages. $3.50.

For the small operator who wishes to be informed of the technique of stock speculation, the movements of stock prices as a whole, the business cycle and the relation of business activity to the stock market, and the peculiarities of different kinds of stocks this book will be generally useful. The following rules for every non-professional speculator are given:

1. Be conservative in the matter of margins—never over-trade.
2. Have patience—give the stocks time.
3. Buy after study—not on impulse.
4. Buy a stock when it is fairly quiescent—not during or just after a violent rise.
5. Ignore rumors and tips, unless they are absolutely and unquestionably authentic.
6. Do not trade so much that commissions constitute a heavy burden.
7. Do not attempt to beat specialists at their own game by basing your purchases on the action of the tape exclusively.
8. Confine your holdings largely to the stocks of the biggest and strongest companies.
9. Making most of your purchases in stocks of companies outside of the indus-

tries which are particularly susceptible to violent changes.

10. Diversify to a reasonable extent.

11. Do not be afraid to change your position nor to take losses if conditions warrant.

12. And again—do not over-trade.

Foundations for Human Engineering. By Charles R. Gow. Macmillan Co., New York, 1930. 226 pages.

The text of this book might well be *"non scholae sed vitae discimus."* It consists of an introduction by F. Alexander Magoun, a prefatory chapter "Knowledge Plus Wisdom" by William E. Nickerson, donor of the course in Humanics at the Massachusetts Institute of Technology, and fourteen of the lectures given by Colonel Charles R. Gow who conducts the course. This is followed by a section "The Listeners are Heard From" consisting of typical questions asked by students at the close of class periods, and answers given by Colonel Gow.

The background of the course is based on a premise which is being increasingly recognized both in universities and in business, that is, as found in the Latin text, that students go to school to prepare for life and human relationships primarily rather than to measureably increase the sum total of their factual knowledge. The establishment of such a course in a technical school is particularly significant. However, the need for it was proven by the answers to a question, "What are the essential qualities of a successful engineer" addressed to 1,500 practicing engineers. The answer was that "87 per cent of their ability to produce results" was based on qualities developed outside of the ordinary university classroom training. "Their difficulties were largely life difficulties, not engineering difficulties."

That the project is sensed as a practical one is evidenced by the fact that the course was endowed by Mr. Nickerson (deceased 1930) with a background of over two-score years in industry and is led by Colonel Gow, with many years' experience as a contractor. In addition, he also has "conference hours during which a student may voluntarily bring his personal problems for sympathetic discussion, secure in the knowledge that his confidence will not be violated."

Mr. Nickerson's prefatory chapter "Knowledge Plus Wisdom" is classical. Replete with quotations—from an Egyptian of 4,500 years ago to Josh Billings—spiced with his own practical epigrams, Mr. Nickerson sets a tone and gives a spirit not only to the book but to the course. He says, "Universities . . . exist primarily for the purpose of affording opportunities to young men and young women to accumulate stores of knowledge which are to be useful to them during life and by means of which, it is hoped, they will become citizens of great value to the country and to the world at large. . . Is it possible that something which is not knowledge but is complementary to it, might be acquired here (Massachusetts Institute of Technology), in some degree at least?" It is this "something," Wisdom, which this course aims to broaden. The course purposes to bring to the students in advance of their going into business, some of the wisdom of those who have already muddied their hands and furrowed their brows on the practical problems of the profession.

The subjects which Colonel Gow discusses in the book are the common talk of "how to become successful" speakers applied to neo-engineers. The illustrations and anecdotes are simple, homely and direct, taken largely from Colonel Gow's long personal experience as a contractor.

The first two chapters—The Mythical Ladder and Diversity Among the Contestants—deal respectively with the ladder of success and the fight for the highest rungs, and the differences among those who are doing the fighting.

The remaining chapters include generously illustrated (verbally) talks on honesty, loyalty, loquacity, courtesy, friendliness, observation, judgment, initiative, perseverance, "personality, the integrated

whole," ability to write and speak, and "at the top—leadership." These are followed by "The Listeners are Heard From": questions from students with answers by Colonel Gow.

An appraisal of the book without an observation of the course and of its leader is unfair to both. The book alone, is "interesting and reasonably convincing." It can be read with profit by anyone seeking additional illustration for talks on any of these success points.

I could not think of the book without thinking of the course. I could see these students, about to commence their active careers, listening to a man who was hard at it before they were born. Thinking of them, and of him, and of the material presented, it seemed that the manner of convincing the students of the wisdom of Wisdom was all important. The idea is sound—and the results should be good. .

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Unemployment Insurance in Great Britain. By Mary Barnett Gilson. Industrial Relations Counselors, Inc., New York, 1931. 560 pages.

Are you somewhat bored and a trifle suspicious of all the talk about the British "dole" system? If so, you will read this book with enthusiasm. It has the facts in more detail and clearer arrangement than any other work on this subject which has ever appeared.

There is a reason for this result. First, because of its authorship. Miss Mary Gilson is a trained investigator and knows the field and the methods of approaching the problem in truly effective fashion. Second, because of its sponsorship. This is Volume II in a series on unemployment insurance under the editorial guidance of Arthur Young and Bryce Stewart of the Industrial Relations Counselors. Such authorship and such sponsorship is proof enough that the facts and interpretations you here secure are as nearly fair as intelligent human beings can make them. What are some of these facts? Very briefly, they are that in 1911 Great Britain adopted a method of unemployment insurance. It was planned along feasible actuarial lines. It functioned smoothly until the war and built up for itself a considerable surplus. After the war, the face of the world was changed. In Great Britain, hordes of soldiers, sailors, munition and transport workers suddenly found themselves demobilized and without work. England had to choose either no assistance to these men and an inevitable drift toward Bolshevism, or some measure of relief and, with it, acknowledgment that these individuals who had saved their country in war would be rewarded by something more than starvation.

The most practicable method appeared to be the extension of the unemployment insurance provisions to include relief to the needy, even though such action violated the very principle of actuarial soundness upon which the system originally rested. Mistake as this may have been from a legalistic standpoint, it is highly doubtful if it was a mistake from a human or national standpoint. You have only to consider the alternatives involved to appreciate the validity of this remark. Then came ten years of increasing depression. Is it any wonder, then, that England's machinery for dealing with her unemployment problem has become badly disarranged? England recognizes this plight. Already she has an expert commission at work which she hopes will show the way out of her present difficulties. In the meantime, let us not forget that *England did not let her workers starve.*

All these facts and many more are presented by Miss Gilson with illuminating tables and charts designed to portray each situation in a thoroughly impartial manner. It seems difficult to conceive a clearer picture of the advantages and mistakes of unemployment insurance methods in use in Great Britain than is presented in this volume. May its tribe increase!

ERNEST G. DRAPER, *Vice-President,*
The Hills Brothers Company.